

Neptune House Owners Association Owners Meeting

March 30, 2024

Meeting Highlights:

- 55 Participants Logged In
- Two Directors Elected
- Strategic Initiatives Addressed
- Facility Improvements Detailed
- Financial Status Reported

An Owners Meeting of the Neptune House Owners Association (the "Association") was held via videoconference on March 30, 2024. Fifty-five participants logged into the meeting, including the members of the Association Board of Directors (Douglas Carnahan, Cheryl Moore, Mark Morrisette and Phil Totino) and Association Secretary Chris Lindgren. Also in attendance were Resort Manager Samantha Disotell and Justin Smith of VRI Americas (VRI).

Opening Remarks

Association President Phil Totino opened the meeting by welcoming the owners and introducing Board members, Association officers, Resort Manager Samantha Disotell and VRI representative Justin Smith. Phil thanked Director Douglas Carnahan – who decided not to run for re-election after serving six years on the Board – for his service including his accomplishments as an active member of the Board's Marketing Committee.

Phil then briefly reviewed highlights of the resort season, including installation of an automated pool cover, connection to the island's high-speed broadband network, completion of the first year of unit interior upgrades, and expected unplanned revenue from the Employee Retention Tax Credit and reimbursement for certain charges by VRI. Phil also reviewed resort challenges, including dramatically increased insurance premiums, increased energy costs, and the unplanned costs for upgrades to comply with fire safety building codes and to replace the Building A sewer line. Those two unplanned costs had necessitated the \$200 per share special assessment announced in February.

Strategic Initiatives

President Phil Totino reviewed the status of the Board's strategic initiatives to (1) upgrade unit interiors to a common standard of function, comfort, quality and appearance, and (2) investigate the feasibility of installing solar panels. Phil enumerated those unit interior improvements planned over the next few years, and indicated that the Board had decided to defer further consideration of installing solar panels, as the resort's immediate financial needs precluded making the large initial investment that would be required to install solar panels.

Facility Improvements

Resort Manager Samantha Disotell detailed numerous improvements made over the last year to the living units, common areas and unit exteriors, including installation of the automated pool cover, upgrades to the resort's Wi-Fi technology in conjunction with connecting to the island's new

broadband cable network, and upgrades to comply with current fire safety building codes. Samantha also addressed those projects planned for the 2024 season.

Financial Status

Association Treasurer Mark Morrissette provided a detailed financial update, indicating that the financial health of the Association, while weakened over the last year by large expenses for insurance, sewer line replacement, and fire safety building code upgrades, will return to a stable financial position as a result of the \$200 per share special assessment due May 31, 2024. Mark also reported on the results of the Board's annual insurance review. His presentation compared 2023 operating and reserve expenses with revenues, reviewed the December 31, 2023 balance sheet, and addressed the 2024 budget. He also reviewed the resort's 25-year Reserve Plan, and he indicated that reserve balances are expected to build back up over the next few years, after the large, unexpected expenses for the sewer line replacement and fire safety building code upgrades.

Mark reviewed the history of changes in maintenance fees. He indicated that it is anticipated that owner assessments could increase as much as 8% in 2025, depending upon increases in property insurance rates. He said that maintenance fees are expected to increase between 5% and 6% in future years due to Block Island inflation, declining ownership, and the need to rebuild reserves. He also noted that the Board is pursuing ways to minimize fee increases while maintaining the health of the resort.

Timeshare Exchanges

Justin Smith of VRI reviewed offerings and costs of the two exchange companies that owners can take advantage of if they wish to vacation at a different resort in a given year: Trading Places International and Interval International.

Election of Directors

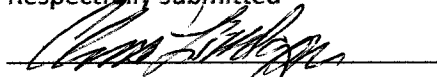
Association Secretary Chris Lindgren indicated that, as there are staggered terms for the Board's five Directors, owners had voted prior to the meeting to elect two Directors at this time, one to serve a three-year term and one to serve the remaining two-year term of a director who had resigned. Chris thanked those 69 owners who had submitted their ballots. He reported that Steven C. Smith (who received 101 votes, the greater number of votes) was elected to the three-year term to serve until 2027, and that Monica Warek (who received 93 votes) was elected to a two-year term to serve until 2026. Chris congratulated Steve and Monica, and reiterated the importance of owners' willingness to volunteer their time and expertise to guide the resort. Monica introduced herself and expressed her appreciation of support and her eagerness to contribute to the work of the Board.

Questions and Answers

Board members and Samantha responded to questions and comments from owners in attendance. Owners commented on a number of items, including facility improvements and possible additional revenue sources. They also expressed gratitude for the hard work being done by the Board and the Resort Manager.

Following the question and answer session, the meeting was adjourned at 11:38 a.m.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Chris Lindgren", written over a horizontal line.

Chris Lindgren, Association Secretary